

STATE OF SOUTH CAROLINA

(Caption of Case)

**Application of Duke Energy Carolinas, LLC for
Approval of Decision to Incur Nuclear Generation
Pre-Construction Costs for the Lee Nuclear Station
in Cherokee County**

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

COVER SHEET

DOCKET

NUMBER: 2007 - 440 - E

(Please type or print)

Submitted by: Margaret M. Fox

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DOCKETING INFORMATION (Check all that apply)

☐ **Emergency Relief demanded in petition** ☐ **Request for item to be placed on Commission's Agenda expeditiously**

☐ **Other:** _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input checked="" type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

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April 7, 2008

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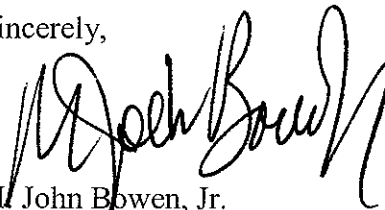
Mr. Charles L. A. Terreni
Chief Clerk and Administrator
South Carolina Public Service Commission
Synergy Business Park, The Saluda Building
101 Executive Center Drive
Columbia, South Carolina 29210

**RE: Application of Duke Energy Carolinas, LLC for Approval of Decision to
Incur Nuclear Generation Pre-Construction Costs for the Lee Nuclear
Station in Cherokee County
Docket No. 2007-440-E**

Dear Mr. Terreni:

Please find attached on behalf of Westinghouse Electric Company, LLC, a Motion for Protective Order and proposed Protective Order in the above-referenced matter. By copy of this letter, we are also serving all parties of record. If you have any questions or need further information, please do not hesitate to contact me.

Sincerely,



Mr. John Bowen, Jr.

cc: Parties of Record

Enclosures

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
Docket No. 2007-440-E

IN RE:

Application of Duke Energy Carolinas, LLC for)
Approval of Decision to Incur Nuclear Generation)
Pre-Construction Costs for the Lee Nuclear)
Station in Cherokee County)
_____)

MOTION FOR A PROTECTIVE ORDER

Westinghouse Electric Company, LLC ("Westinghouse") and Stone & Webster, Inc. ("Stone & Webster") respectfully request that the South Carolina Public Service Commission ("the Commission") issue a Protective Order precluding the disclosure of certain trade secrets and highly commercially-sensitive information that belongs to Westinghouse and Stone & Webster, is in the possession of Duke Energy Carolinas, LLC ("Duke Energy"), and is subject to the terms of a confidentiality agreement between and among Westinghouse, Stone & Webster, and Duke Energy ("the Confidentiality Agreement"), dated December 10, 2007. Attached to this Motion are the supporting Affidavits of Randolph D. Galm and Edward J. Hubner. A Proposed Protective Order is also attached to this Motion for the Commission's consideration. Westinghouse and Stone & Webster previously filed a Notice of Limited Appearance in this docket to protect the disclosure of confidential and proprietary information in response to any discovery requests in this proceeding.

On March 14, 2008, Friends of the Earth, an Intervenor in the above-named proceeding, filed Interrogatories, Requests for Production and Request for Entry with the Commission, and served this request on Duke Energy. This discovery request seeks certain specified information, including all documents related to the estimated costs of "the Westinghouse AP1000 power reactor to be constructed" for Duke Energy. Pursuant to an obligation under the Confidentiality Agreement, Duke Energy provided notice to Westinghouse and Stone & Webster of its receipt of the discovery request.

As discussed below, Westinghouse and Stone & Webster contend that certain information related to estimated costs of the Westinghouse reactor, specifically (1) AP1000 Price Book for the W.S. Lee III Units #1 & #2, dated December 17, 2007 ("the Price Book") and (2) Price Book Transmittal Letter from Daniel S. Lipman and David Barry to H. Brew Barron, dated December 14, 2007 ("the Transmittal Letter"), is not relevant to this proceeding, is confidential and proprietary in nature, and constitutes a "trade secret" pursuant to South Carolina law and Commission practice. The Price Book and Transmittal Letter contain information concerning goods, services, sources of these goods and services, prices, constructions processes, components, quantities, schedules, project timing, critical milestones, sequence of events, logistics, and project plans.

This motion is made pursuant to Rule 26 of the South Carolina Rules of Civil Procedure, Commission Regulations, and other applicable law, on the following grounds:

A. The Price Book and Transmittal Letter Owned by Westinghouse and Stone & Webster are Not Relevant to the Issues in This Proceeding.

The Price Book and Transmittal Letter are not relevant to the subject matter of this proceeding and, therefore, are not subject to disclosure under the Commission's own rules.

Commission Regulations provide that, with respect to written interrogatories and requests for production, information is not subject to disclosure unless it is relevant and not privileged. S.C. Code Regs. 103-833.A (“Any material relevant to the subject matter involved in the pending proceeding may be discovered unless the material is privileged or is hearing preparation working papers prepared for the pending proceeding.”).

This proceeding is a request by Duke Energy for approval of its decision to incur preconstruction costs for its proposed William S. Lee, III Nuclear Station in Cherokee County. Construction costs for the plant are not at issue in this proceeding. See Base Load Review Act, S.C. Code Ann. § 58-33-210 *et seq.* Furthermore, the prudence of individual items of preconstruction cost is not at issue in this proceeding. See, S.C. Code Ann. § 58-33-225(D) (“In issuing its project development order, the commission may not rule on the prudence or recoverability of specific items of cost, but shall rule instead on the prudence of the decision to incur preconstruction costs for the nuclear plant described in [the application].”).

The relevance of Westinghouse and Stone & Webster’s information is even more tenuous when one considers the fact that Westinghouse and Stone & Webster have not contracted with Duke Energy for the services at issue. The Price Book and Transmittal Letter constitute an estimate of the cost of certain individual items that would be involved in the proposed construction of the plant if it were to be constructed by Westinghouse. The estimates are subject to change.

B. Even If the Information Requested is Relevant to This Proceeding, the Information is Protected from Disclosure by the South Carolina Trade Secrets Act.

The confidential information contained in the Price Book and the Transmittal Letter is protected by the South Carolina Trade Secrets Act ("the Act"), S.C. Code Ann. § 39-8-10 *et seq.* (Supp. 2007), and, therefore, is protected from disclosure. Although the Commission's rules do not expressly provide for protective orders in the context of trade secrets, the Commission's rules do state that the South Carolina Rules of Civil Procedure govern all discovery matters not already covered by Commission rules. S.C. Code Regs. 103-835. South Carolina Rules of Civil Procedure 26(c)(7) allow a court may to order that trade secrets not be disclosed. The Commission has generally issued protective orders on issues related to discovery matters.

The Act defines "trade secrets" as

(a) information including, but not limited to, a formula, pattern, compilation, program, device, method, technique, product, system, or process, design, prototype, procedure, or code that:

(i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by the public or any other person who can obtain economic value from its disclosure or use, and

(ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

S.C. Code Ann. § 39-8-20(5). Because the Price Book and Transmittal Letter fall squarely within the definition as enacted by the South Carolina Legislature, they are clearly "trade secrets."

Certainly, the Price Book and Transmittal Letter are "information." According to affidavits from both Westinghouse and Stone & Webster, the Price Book and Transmittal Letter

contain information concerning goods, services, sources of these goods and services, prices, construction processes, components, quantities, schedules, project timing, critical milestones, sequence of events, logistics, and project plans. (Affidavit of Randolph D. Galm ¶ 2, Affidavit of Edward J. Hubner ¶ 2). The information in the Price Book contains patterns, compilations, programs, devices, methods, techniques, products, systems, processes, and designs that are trade secrets owned by Westinghouse. (Affidavit of Randolph D. Galm ¶ 2, Affidavit of Edward J. Hubner ¶ 2). The statutory language is clear in stating that “information” includes patterns, compilations, programs, devices, methods, techniques, products, systems, processes, and designs, all of which are found in the Price Book and Transmittal Letter.

Moreover, the information contained in the Price Book and the Transmittal Letter derive “independent economic value” from not being generally known. In fact, Westinghouse and Stone & Webster consider the information to have a large economic value. (Affidavit of Randolph D. Galm ¶ 4, Affidavit of Edward J. Hubner ¶ 4). The Price Book includes patterns, compilations, programs, devices, methods, techniques, products, systems, processes, and designs for the construction of a nuclear facility. (Affidavit of Randolph D. Galm ¶ 2, Affidavit of Edward J. Hubner ¶ 2). This information in the Price Book and the Transmittal Letter is not known to the general public, or even generally in the nuclear power plant construction industry. (Affidavit of Randolph D. Galm ¶¶ 4-5, Affidavit of Edward J. Hubner ¶¶ 4-5).

Additionally, this confidential information is not just for the construction of any nuclear facility, but of a nuclear facility employing a passive design. (Affidavit of Randolph D. Galm ¶ 5, Affidavit of Edward J. Hubner ¶ 5). The Price Book contains information that is the most significant and confidential proposal for a nuclear facility of this design for many decades. (Affidavit of Randolph D. Galm ¶ 5, Affidavit of Edward J. Hubner ¶ 5). The confidentiality of

the information allows Westinghouse and Stone & Webster to distinguish themselves from competitors and provides Westinghouse and Stone & Webster the ability to offer goods and services to meet Duke Energy's needs for the Lee Nuclear Facility. (Affidavit of Randolph D. Galm ¶ 5, Affidavit of Edward J. Hubner ¶ 5).

The information contained in the Price Book is certainly "not generally known and not readily ascertainable" from proper means by anyone. In fact, the creation and development of the Price Book required a substantial number of employees working on the information for over a year. (Affidavit of Randolph D. Galm ¶ 4, Affidavit of Edward J. Hubner ¶ 4). Certainly such an effort by Westinghouse and Stone & Webster would not have been required if the information in the Price Book and Transmittal Letter were readily available. Further, it is Westinghouse and Stone & Webster's specialized knowledge of the nuclear industry that allowed them to create the information contained within the Price Book and Transmittal Letter. (Affidavit of Randolph D. Galm ¶ 4, Affidavit of Edward J. Hubner ¶ 4). Clearly, this information is of great economic value to Westinghouse and Stone & Webster.

Further, a competitor of Westinghouse and Stone & Webster would derive substantial benefit from the information contained within the Price Book and Transmittal Letter, both when competing with Westinghouse and Stone & Webster in the Lee Nuclear Facility as well as in other areas. (Affidavit of Randolph D. Galm ¶ 6, Affidavit of Edward J. Hubner ¶ 6). For example, in post-construction goods and services, the information in the Price Book and Transmittal Letter would be of great value to competitors trying to bid against Westinghouse and Stone & Webster because the confidential information would be used to allow competitors to adjust prices and other bid items according to the Price Book and Transmittal Letter owned by Westinghouse and Stone & Webster. This ability would eliminate the free competition between

bidders, undermine the free economy system inherent in the bidding system, and, ultimately, may result in competitors adjusting prices according to the information in the Price Book and Transmittal Letter. Such an effect would lessen competition and have a detrimental effect on the entire bidding process itself.

Under Section 39-8-20(5)(a)(i) defining a trade secret, one “who can obtain economic value” need not be the party challenging the existence of a trade secret. It is sufficient if the trade secret owner shows that someone could obtain economic value from the disclosure or use of the trade secret. Therefore, it is irrelevant whether the party challenging the existence of a trade secret is a competitor of the party that owns the trade secret. The mere fact that Friends of the Earth, or any other similarly-situated intervenor, may not be considered a “competitor” of either Westinghouse or Stone & Webster is irrelevant and unnecessary as to whether the information constitutes a trade secret under South Carolina law. If “any other person who can obtain economic value” from the information’s disclosure or use were to gain access to this information, it would clearly result in damage to Westinghouse and Stone & Webster, as well as potentially inure an economic benefit to that person, thereby satisfying that portion of the definition of trade secrets. See S.C. Code Ann. 39-8-20(5)(a)(i) (emphasis added).

Both Westinghouse and Stone & Webster have made more than reasonable efforts to maintain the secrecy of the information contained within the Price Book and Transmittal Letter. Both companies have put in place strict controls of access to their physical locations. (Affidavit of Randolph D. Galm ¶ 7, Affidavit of Edward J. Hubner ¶ 7). Both have security services that guard the physical location to prevent unauthorized access. (Affidavit of Randolph D. Galm ¶ 7, Affidavit of Edward J. Hubner ¶ 7). Both have picture ID employee badges that are necessary for access to the physical locations. (Affidavit of Randolph D. Galm ¶ 7, Affidavit of Edward J.

Hubner ¶ 7). Visitors to both locations have to be escorted when in the locations. (Affidavit of Randolph D. Galm ¶ 7, Affidavit of Edward J. Hubner ¶ 7). Westinghouse also maintains a visitor log. (Affidavit of Randolph D. Galm ¶ 7). The Price Book information itself is kept on a secure computer system. (Affidavit of Randolph D. Galm ¶ 8, Affidavit of Edward J. Hubner ¶ 8). Access to the computer system is restricted by user name and password. (Affidavit of Randolph D. Galm ¶ 8, Affidavit of Edward J. Hubner ¶ 8). Additionally, only those users with proper access can retrieve and view the Price Book and Transmittal Letter. (Affidavit of Randolph D. Galm ¶ 8, Affidavit of Edward J. Hubner ¶ 8). Moreover, only hard copies, not electronic copies, of the Price Book are distributed to customers. (Affidavit of Randolph D. Galm ¶ 8, Affidavit of Edward J. Hubner ¶ 8). Each hard copy distributed to any one customer is uniquely numbered so that no two copies for a given customer are assigned the same numbers. A Controlled Copy List is maintained by Westinghouse so that a record of each hard copy is maintained and the recipient is identified. (Affidavit of Randolph D. Galm ¶ 8). Even these hard copies are only distributed to individuals that are on a "need to know" basis. (Affidavit of Randolph D. Galm ¶ 8, Affidavit of Edward J. Hubner ¶ 8). Customers are not authorized to make additional copies. (Affidavit of Randolph D. Galm ¶ 8, Affidavit of Edward J. Hubner ¶ 8).

Moreover, each customer who received a controlled hard copy must execute a written confidentiality agreement. (Affidavit of Randolph D. Galm ¶ 9, Affidavit of Edward J. Hubner ¶ 9). In any event, no access is provided to anyone unless that individual is under a legal duty to keep the information in the Price Book and Transmittal Letter confidential.

No Commission decisions address the issue at hand. Therefore, we initially look to the case law of South Carolina for guidance. The District Court for South Carolina had an

opportunity to apply the South Carolina Trade Secrets Act to manufacturing of specialized cable for use by defense contractors and the private sector. Woven Electronics Corp. v. Advance Group, Inc., 1991 U.S. App. LEXIS 6004 (4th Cir. 1991) (*per curiam*). At trial, the District Court held that while the basic idea of manufacturing a cable existed in the public domain, the plaintiff added many proprietary improvements and modifications to the general notions. The Fourth Circuit affirmed. Id. at *8. “Under South Carolina law, a trade secret may exist solely in the manner in which a group of items is put to use, even though each of the items is itself within the public domain.” Id. Additionally, not only was the cable weaving a trade secret, but also the manufacturing process and the testing of the completed good. Id.

The District Court also held that a consistent effort to maintain a trade secret is sufficient to meet the requirement that reasonable efforts to keep a trade secret a secret are met. Id. at *9-10. For example, all employees were required to sign employment agreements to keep the confidential information *confidential*. Id. at *11.

Unfortunately, there are only a few cases in South Carolina that contain facts similar to those at issue here. Fortunately, however, the South Carolina General Assembly adopted the Uniform Trade Secrets Act in 1992. (See Chem. Equip. Co. v. Muckenfuss, 322 S.C. 289, 295 (Ct. App. 1996). This allows us to look to other jurisdictions that have also adopted the Uniform Trade Secrets Act for guidance.

Kansas, which has also adopted the Uniform Trade Secrets Act, has held that cost information qualifies as a trade secret. See Guang Dong Light Headgear Factory Co. v. ACI Int'l, Inc., 521 F. Supp. 2d 1153 (D. Kan. 2007) (holding that cost information for headwear that was not generally known and was subject to reasonable efforts to maintain its secrecy was a trade secret). In addition, the Fifth Circuit has held that trade secrets include “certain basic cost data

and construction details.” Hahn & Clay v. A. O. Smith Corp., 320 F.2d 166, 170 (5th Cir. 1963).

The District of Maryland has held that procedures for certain structures, formulas for calculating dimensions, and even forms for estimating costs fall in the definition of trade secrets. Reinforced Earth Co. v. Neumann, 1978 U.S. Dist. LEXIS 17397 (D. Md. 1978).

As to authority that provides guidance for the level of reasonable efforts to maintain secrecy, the cases clearly show that Westinghouse and Stone & Webster have gone above and beyond what is required of them to maintain the secrecy of their trade secrets. It is important to note that absolute secrecy is not required. Wyeth v. Natural Biologics, Inc., 395 F.3d 897, 900 (8th Cir. 2005). The Eighth Circuit went on to state that it is sufficient for a party claiming trade secrets to be able to show physical security, document control, and written understandings of confidentiality. Id. Westinghouse and Stone & Webster have done that here with respect to the information contained in the Price Book and Transmittal Letter. Further, the Eighth Circuit held that such efforts are reasonable efforts to keep a trade secret a secret. Id.

When adopting the Uniform Trade Secrets Act, California’s legislature stated that:

Reasonable efforts to maintain secrecy have been held to include advising employees of the existence of the trade secret, limiting access to a trade secret on "need to know basis," and controlling plant access. . . . Reasonable use of a trade secret including controlled disclosure to employees and licensees is consistent with the requirement of relative secrecy.

S.O.S., Inc. v. Payday, Inc., 886 F.2d 1081, 1090 (9th Cir. 1989). Again, Westinghouse and Stone & Webster have done all of these things.

A Texas case is particularly enlightening with respect to the information at issue here. Specifically, the Fifth Circuit held that “[t]o obtain knowledge of a process without spending the time and money to discover it independently is improper” E. I. Du Pont de Nemours & Co.

v. Christopher, 431 F.2d 1012, 1015 (5th Cir. 1970).¹ In this case, it would be improper for Friends of the Earth and others to learn of Westinghouse and Stone & Webster's trade secrets through discovery in an intervention for a pre-construction cost application proceeding. Further, the Fifth Circuit specifically recognized that trade secrets concerning construction of a plant should be protected from disclosure. E.I. Du Pont de Nemours & Co., 431 F.2d 1012, 1016. Specifically, a competitor was enjoined from flying over a plant during its construction because aerial photographs of the plant taken by a competitor during construction would reveal much of the process of construction and, as such, was a trade secret belonging to the plaintiff. Id. at 1016-1017.

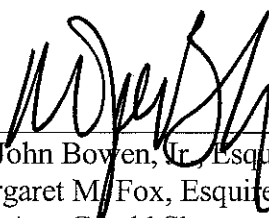
Since Westinghouse and Stone & Webster have established that the information contained in the Price Book and the Transmittal Letter constitutes "trade secrets" under the South Carolina Trade Secrets Act, Westinghouse and Stone & Webster hereby move for a protective order holding that the Price Book and Transmittal Letter not be disclosed.

WHEREFORE, Westinghouse and Stone & Webster respectfully request that the Commission enter a protective order and prohibit discovery of information claimed by Westinghouse and Stone & Webster, specifically, the Price Book and Transmittal Letter, to be confidential, and grant such other and further relief as is just and proper.

¹ It should be noted that in 1970, Texas adopted the definition of a trade secret from the Restatement of Torts 2d, which served as the basis for the definition in the Uniform Trade Secrets Act.

Respectfully submitted,

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M. John Bowen, Jr., Esquire
Margaret M. Fox, Esquire
Sue-Ann Gerald Shannon, Esquire

ATTORNEYS FOR WESTINGHOUSE ELECTRIC
COMPANY, LLC, and STONE & WEBSTER, INC.

Columbia, South Carolina
April 7, 2008

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
Docket No. 2007-440-E

IN RE:

Application of Duke Energy Carolinas, LLC for)
Approval of Decision to Incur Nuclear Generation)
Pre-Construction Costs for the Lee Nuclear)
Station in Cherokee County)
_____)

AFFIDAVIT OF EDWARD J. HUBNER

1. I, Edward J. Hubner, am the Vice-President of Stone & Webster, Inc. ("Stone & Webster"), am over twenty-one years of age and competent to testify to the following.

2. Stone & Webster and Westinghouse Electric Company, LLC ("Westinghouse") are in contract negotiations with Duke Energy Carolinas, LLC ("Duke") to provide goods and services for the proposed Lee Nuclear Facility. During these negotiations, Westinghouse and Stone & Webster provided Duke with a highly confidential Price Book and Transmittal Letter that contains information concerning goods, services, sources of these goods and services, prices, constructions processes, components, quantities, schedules, project timing, critical milestones, sequence of events, logistics, and project plans to present to Duke in hopes of being selected for the Lee Nuclear Facility project. The information in the Price Book and Transmittal Letter contains patterns, compilations, programs, devices, methods, techniques, products, systems, processes and designs that are trade secrets owned by Stone & Webster. I consider protecting the confidentiality of this information of the utmost important to Stone & Webster. This is

particularly true since Stone & Webster, Westinghouse and Duke have not entered into a contract for the Lee Nuclear Facility.

3. Duke has applied for Approval of Decision to incur Nuclear Generation Pre-Construction Costs for the Lee Nuclear Facility with the South Carolina Public Service Commission. Friends of the Earth intervened to challenge Duke's application. In the proceedings, Friends of the Earth served on Duke discovery requests seeking, among other things, pre-construction cost information. In response, Duke informed us that it may produce the Price Book and Transmittal Letter containing confidential information of Stone & Webster for AP1000 units for the proposed Lee Nuclear Facility.

4. Disclosure of this information would be very damaging to Stone & Webster during the negotiations with Duke and others. The Price Book and Transmittal Letter contain information that is simply not generally known outside of Westinghouse or Stone & Webster. Stone & Webster derives a large economic value from the fact that the information in the Price Book and Transmittal Letter is generally not known. Disclosure to third parties would not only seriously undermine that value but would provide third parties with a significant economic value were they to have Stone & Webster's trade secret information. Stone & Webster's trade secret information has been developed based upon specialized knowledge of Stone & Webster and is not ascertainable by the public or any other person. Stone & Webster has taken great measures to insure this trade secret information stays secret and is not known to the public or third parties that could obtain an economic value from its disclosure or use. Additionally, the process of creating the Price Book took over a year and includes contributions by a substantial number of employees. Obviously, if the information in the Price Book and Transmittal Letter were generally known, Stone & Webster would not have made the investment in the creation of the

information. Stone & Webster's competitors as well as others can obtain significant economical value were disclosure of Stone & Webster's trade secrets made. For example, disclosure of this information would allow a third party to benefit from the hours of work that Stone & Webster put into the information in the Price Book and Transmittal Letter without having to expend the time and resources themselves.

5. The Price Book itself is simply not a book of prices. It contains reference to hundreds of items used to construct a nuclear power plant, the critical timing for a construction project, critical milestones processes, construction timing, project plans and many other elements of constructing a plant. The Price Book contains highly sensitive confidential information for components, processes, construction plan and other information not just for any nuclear facility, but for a facility using a passive design. The trade secret information contained in the Price Book and Transmittal Letter is not only not known to the public, but also not known to others in the nuclear power industry. Therefore, the Price Book contains information that we believe is the most significant and confidential proposal package for a nuclear facility of this type design in many decades. By having created and developed this information, Westinghouse and Stone & Webster distinguish themselves from their competitors. The ability of Westinghouse and Stone & Webster to maintain this information in confidence so that it can offer its goods and services to Duke, allows Stone & Webster and Westinghouse to meet Duke's needs for the Lee Nuclear Facility. Disclosure of this information would seriously undermine Westinghouse and Stone & Webster's ability to competitively offer such goods and services for this type facility. This is particularly concerning since goods and services for construction of a nuclear facility are highly specialized and information concerning these highly specialized goods and services is contained in the Price Book and Transmittal Letter.

6. If the Price Book were disclosed, Stone & Webster would also be harmed in other business opportunities. Since the Price Book contains prices, goods, services, schedules, milestones, quantities and components, among other things, it would be very valuable to a competitor or other third party. Therefore, disclosure of the Price Book and Transmittal Letter would severely hamper Stone & Webster's ability in negotiations with future customers which can deprive customers of the competitive bid process advantageous to the customers. Competitors of Stone & Webster and others would have a significant advantage over us by having this information and using it to potentially fix prices for potential customers.

7. Stone & Webster has maintained strict controls over the Price Book and Transmittal Letter. A security guard controls access to the building where we are physically located. Anyone entering must have a valid picture ID employee badge. Visitors must be escorted while on our property. Therefore, physical access is severely restricted to the location where our confidential information, including the Price Book and Transmittal Letter, is kept.

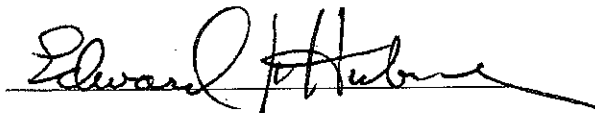
8. The Price Book and Transmittal Letter are kept on a secure computer system with limited access protected by user names and passwords. Without the proper authorization, even with general computer access, the Price Book and Transmittal Letter cannot be accessed. Electronic copies of the Price Book and Transmittal Letter are not distributed to customers. Only controlled hard copies are provided to customers. Copies of the Price Book are only distributed to individuals on a need to know basis and customers are not authorized to make additional copies of the Price Book.

9. When the Price Book and Transmittal Letter are provided to customers or potential customers, such customers or potential customers are required to enter into a confidentiality agreement. For any person to receive a Price Book and Transmittal Letter, that

person must be under a legal obligation to keep the Price Book and Transmittal Letter confidential.

10. In an agreement dated December 10, 2007 between Duke, Westinghouse and Stone & Webster, the parties contractually agreed to protect the confidential information of Stone & Webster including the Price Book and Transmittal Letter.

11. Under the circumstances surrounding the use and purpose of the Price Book, I believe Stone & Webster has gone above and beyond all reasonable measures to protect the confidentiality of the Price Book and Transmittal Letter.

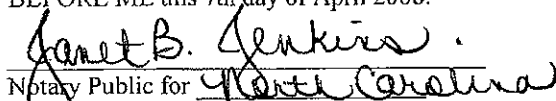


Name: Edward J. Hubner

Title: Vice-President

Date: April 7, 2008

SWORN TO AND SUBSCRIBED
BEFORE ME this 7th day of April 2008.


Notary Public for North Carolina

My commission expires: 12/26/2012

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
Docket No. 2007-440-E

IN RE:

Application of Duke Energy Carolinas, LLC for)
Approval of Decision to Incur Nuclear Generation)
Pre-Construction Costs for the Lee Nuclear)
Station in Cherokee County)
_____)

AFFIDAVIT OF RANDOLPH D. GALM

1. I, Randolph D. Galm, am the Vice President of Customer Project Development of Westinghouse Electric Company, LLC. ("Westinghouse"), am over twenty-one years of age and competent to testify to the following.

2. Westinghouse and Stone & Webster, Inc. ("Stone & Webster") are in contract negotiations with Duke Energy Carolinas, LLC ("Duke") to provide goods and services for the proposed Lee Nuclear Facility. During these negotiations, Westinghouse and Stone & Webster provided Duke with a highly confidential Price Book and Transmittal Letter that contains information concerning goods, services, sources of these goods and services, prices, constructions processes, components, quantities, schedules, project timing, critical milestones, sequence of events, logistics, and project plans that Westinghouse has secured to present to Duke in hopes of being selected for the Lee Nuclear Facility project. The information in the Price Book contains patterns, compilations, programs, devices, methods, techniques, products, systems, processes and designs that are trade secrets owned by Westinghouse. I consider

protecting the confidentiality of this information of the utmost important to Westinghouse. This is particularly true since Westinghouse and Duke have not entered into a contract for the Lee Nuclear Facility.

3. Duke has applied for Approval of Decision to Incur Nuclear Generation Pre-Construction Costs for the Lee Nuclear Facility with the South Carolina Public Service Commission. Friends of the Earth intervened to challenge Duke's application. In the proceedings, Friends of the Earth served on Duke discovery requests seeking, among other things, pre-construction cost information. In response, Duke informed Westinghouse that it may produce Westinghouse's Price Book and Transmittal Letter for AP1000 units for the proposed Lee Nuclear Facility.

4. I have grave concerns about the disclosure of this information as it would be very damaging to Westinghouse during its negotiations with Duke and others. The Price Book and Transmittal Letter contain information that is simply not generally known outside of Westinghouse or Stone & Webster. Westinghouse derives a large economic value from the fact that the information in the Price Book and Transmittal Letter is generally not known. Disclosure to third parties would not only seriously undermine that value but would provide third parties with a significant economic value were they to have Westinghouse's trade secret information. Westinghouse's trade secret information has been developed based upon specialized knowledge of Westinghouse and is not ascertainable by the public or any other person. Westinghouse has taken great measures to insure this trade secret information stays secret and is not known to the public or third parties that could obtain an economic value from its disclosure or use. Additionally, the process of creating the Price Book took over a year and includes contributions by a substantial number of employees. Obviously, if the information in the Price Book and

Transmittal Letter were generally known, Westinghouse would not have made the investment in the creation of the information. Westinghouse's competitors as well as others can obtain significant economical value were disclosure of Westinghouse's trade secrets made. For example, disclosure of this information would allow a third party to benefit from the tens of thousands of hours of work that Westinghouse put into the information in the Price Book and Transmittal Letter without having to expend the time and resources themselves.

5. The Price Book itself is not simply a book of prices. It contains reference to hundreds of items used to construct a nuclear power plant, the critical timing for a construction project, critical milestones processes, construction timing, project plans and many other elements of constructing a plant. The Price Book contains highly sensitive confidential information for components, processes, construction plan and other information not just for any nuclear facility, but for a facility using a passive design. The trade secret information contained in the Price Book and Transmittal Letter is not only not known to the public, but also not known to others in the nuclear power industry. Therefore, the Price Book contains information that we believe is the most significant and confidential proposal package for a nuclear facility of this type design in many decades. By having created and developed this information, Westinghouse and Stone & Webster distinguish themselves from their competitors. The ability of Westinghouse to maintain this information in confidence so that it can offer its goods and services to Duke, allows Westinghouse to meet Duke's needs for the Lee Nuclear Facility. Disclosure of this information would seriously undermine Westinghouse and Stone & Webster's ability to competitively offer such goods and services for this type facility. This is particularly concerning since goods and services for construction of a nuclear facility are highly specialized and Westinghouse's

information concerning these highly specialized goods and services is contained in the Price Book and Transmittal Letter.

6. If the Price Book were disclosed, Westinghouse would also be harmed in other businesses. Since the Price Book contains prices, goods, services, schedules, milestones, quantities and components, among other things, it would be very valuable to a competitor or other third party in Westinghouse's post-construction business. For component repair and replacements for existing power plants, nuclear or not, the Price Book contains extremely valuable information related to components, schedules, processes and logistics for providing replacement goods and services. Therefore, disclosure of the Price Book and Transmittal Letter would severely hamper Westinghouse's ability to negotiate with future customers which can deprive customers of the competitive bid process advantageous to the customers. Competitors of Westinghouse and others would have a significant advantage over Westinghouse by having this information and using it to potentially fix prices for potential customers.

7. Westinghouse has maintained strict controls over the Price Book and Transmittal Letter. Westinghouse hires a third party security service to provide limited access to the Westinghouse physical location. Physical access can only be achieved by having a valid picture ID employee badge that has to be presented and approved for entry or, in the case of a visitor, having a Westinghouse employee escort while on the Westinghouse property. For visitors, the escort cannot be any Westinghouse employee, but it is Westinghouse's policy that the escort must be attending the same meeting as the visitor in order for the security company to allow entry to the physical location. A visitor log is maintained for any visitor entering our property. Therefore, physical access is severely restricted to the location where the Price Book and Transmittal Letter are kept.

8. The Price Book and Transmittal Letter are kept on a secure computer with limited access protected by user names and passwords. Without the proper authorization, even with general computer access, the Price Book and Transmittal Letter cannot be accessed. Electronic copies of the Price Book and Transmittal Letter are not distributed to customers. Only controlled hard copies are provided to customers. Controlled hard copies are numbered so that no two Price Books for customers are numbered the same for any one customer. Westinghouse also maintains a Controlled Copy List that identifies each copy by copy number and lists the copy number with the name of the individual that received the specific copy. Copies of the Price Book are only distributed to individuals on a need to know basis and customers are not authorized to make additional copies of the Price Book.

9. When the Price Book and Transmittal Letter are provided to customers or potential customers, such customers or potential customers are required to enter into a confidentiality agreement with Westinghouse. For any person to receive a Price Book and Transmittal Letter, that person must be under a legal obligation to keep the Price Book and Transmittal Letter confidential. Even with this legal obligation, only controlled number hard copies of the book are distributed to customers.

10. As is Westinghouse's practice, Duke and Westinghouse entered into a Confidential Information Exchange Agreement dated December 10, 2007 which replaced a prior confidentiality agreement with Duke. This agreement was entered into with the specific purpose of negotiating a potential contract for Westinghouse to provide goods and services for the Lee Nuclear Facility.

11. Under the circumstances surrounding the use and purpose of the Price Book and Transmittal Letter, I believe Westinghouse has gone above and beyond all reasonable measures to protect the confidentiality of the Price Book and Transmittal Letter.

Randolph D. Galm

Name: RANDOLPH D. GALM

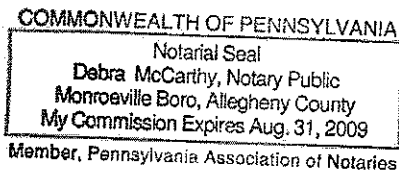
Title: VICE PRESIDENT

Date: 4-7-08

SWORN TO AND SUBSCRIBED
BEFORE ME this 7th day of April, 2008.

Debra McCarthy
Notary Public for Allegheny County, Pennsylvania

My commission expires: August 31, 2009.



BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
Docket No. 2007-440-E

IN RE:

Application of Duke Energy Carolinas, LLC for)
Approval of Decision to Incur Nuclear Generation)
Pre-Construction Costs for the Lee Nuclear)
Station in Cherokee County)
_____)

PROTECTIVE ORDER

[PROPOSED ORDER OF WESTINGHOUSE AND STONE & WEBSTER]

This matter comes before the Public Service Commission of South Carolina ("Commission") upon the Motion of Westinghouse Electric Company, LLC ("Westinghouse") and Stone & Webster, Inc. ("Stone & Webster") for a Protective Order. Pursuant to Rule 26(c) of the South Carolina Rules of Civil Procedure and Commission Regulation 103-854, the Commission deems it appropriate to preclude disclosure of certain confidential and proprietary information, as set forth below, and hereby grants the Motion of Westinghouse and Stone & Webster and adopts the following Order:

FINDINGS

1. Duke Energy Carolinas, LLC ("Duke Energy") has filed with this Commission an application requesting approval to incur certain nuclear generation pre-construction costs.

2. On March 14, 2008, Friends of the Earth, an Intervenor in the above-named proceeding, filed Interrogatories, Requests for Production and Request for Entry with the Commission, and served this request on Duke Energy. This discovery request seeks certain specified information, including all documents related to the estimated costs of “the Westinghouse AP1000 power reactor to be constructed” for Duke Energy. Pursuant to an obligation under the Confidentiality Agreement, Duke Energy provided notice to Westinghouse and Stone & Webster of its receipt of the discovery request.

3. In response to the notice provided by Duke Energy, Westinghouse and Stone & Webster filed a Motion for Protective Order to prohibit discovery of certain information related to estimated costs of the Westinghouse reactor to be constructed for Duke Energy because such information is not relevant to the issues in this proceeding and, further, constitutes a “trade secret” under South Carolina law.

4. Specifically, Westinghouse and Stone & Webster contend that the (1) AP1000 Price Book for the W.S. Lee III Units #1 & #2, dated December 17, 2007 (“the Price Book”) and (2) Price Book Transmittal Letter from Daniel S. Lipman and David Barry to H. Brew Barron, dated December 14, 2007 (“the Transmittal Letter”), which were provided to Duke Energy as part of a proposed offer for the construction project, is not relevant to this proceeding, is confidential and proprietary in nature, and constitutes a “trade secret” pursuant to South Carolina law and Commission practice.

5. The Price Book and Transmittal Letter contain information that is proprietary to Westinghouse and Stone & Webster concerning goods, services, sources of these goods and services, prices, constructions processes, components, quantities, schedules, project timing, critical milestones, sequence of events, logistics, and project plans. (Affidavit of Randolph D.

Galm ¶ 2, Affidavit of Edward J. Hubner ¶ 2). Additionally, the information in the Price Book and Transmittal Letter contains patterns, compilations, programs, devices, methods, techniques, products, systems, processes, and designs that are trade secrets owned by Westinghouse. (Affidavit of Randolph D. Galm ¶ 2, Affidavit of Edward J. Hubner ¶ 2).

6. For the reasons stated below, as supported by the Motion for Protective Order and accompanying Affidavits, the Price Book and Transmittal Letter are not relevant to the issues in this proceeding and, further, constitute “trade secrets” under South Carolina law.

CONCLUSIONS

1. The Price Book and Transmittal Letter are not relevant to this proceeding and, therefore, are not subject to disclosure under the Commission’s own rules. Commission Regulations provide that, with respect to written interrogatories and requests for production, information is not subject to disclosure unless it is relevant and not privileged. S.C. Code Regs. 103-833.A (“Any material relevant to the subject matter involved in the pending proceeding may be discovered unless the material is privileged or is hearing preparation working papers prepared for the pending proceeding.”).

2. The proceeding is a request by Duke Energy for approval of its decision to incur pre-construction costs for its proposed William S. Lee, III Nuclear Station in Cherokee County. Construction costs for the plant are not at issue in this proceeding. See Base Load Review Act, S.C. Code Ann. § 58-33-210 *et seq.* Furthermore, the prudence of individual items of preconstruction cost is not at issue in this proceeding. See, S.C. Code Ann. § 58-33-225(D) (“In issuing its project development order, the commission may not rule on the prudence or recoverability of specific items of cost, but shall rule instead on the prudence of the decision to incur preconstruction costs for the nuclear plant described in [the application].”).

3. The confidential information contained in the Price Book and the Transmittal Letter is protected by the South Carolina Trade Secrets Act ("the Act"), S.C. Code Ann. § 39-8-10 *et seq.* (Supp. 2007), and, therefore, is protected from disclosure. The Act defines "trade secrets" as

(a) information including, but not limited to, a formula, pattern, compilation, program, device, method, technique, product, system, or process, design, prototype, procedure, or code that:

(i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by the public or any other person who can obtain economic value from its disclosure or use, and

(ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

S.C. Code Ann. § 39-8-20(5). Because the Price Book and Transmittal Letter fall squarely within the definition as enacted by the South Carolina Legislature, they are clearly "trade secrets."

4. As demonstrated by the Affidavits of Randolph D. Galm and Edward J. Hubner filed on behalf of Westinghouse and Stone & Webster, respectfully, and as discussed more fully below, (1) the Price Book and Transmittal Letter qualify as "information" under the Act; (2) the information contained in the Price Book and Transmittal Letter derive independent economic value from not being generally known to, and not being readily ascertainable by proper means from anyone; and (3) both Westinghouse and Stone & Webster have made reasonable efforts under the circumstances to maintain the secrecy of the information.

5. The Price Book and Transmittal Letter are "information." According to affidavits from both Westinghouse and Stone & Webster, the Price Book and Transmittal Letter contain information concerning goods, services, sources of these goods and services, prices,

constructions processes, components, quantities, schedules, project timing, critical milestones, sequence of events, logistics, and project plans. (Affidavit of Randolph D. Galm ¶ 2, Affidavit of Edward J. Hubner ¶ 2). Additionally, the information in the Price Book and Transmittal Letter contains patterns, compilations, programs, devices, methods, techniques, products, systems, processes, and designs that are trade secrets owned by Westinghouse. (Affidavit of Randolph D. Galm ¶ 2, Affidavit of Edward J. Hubner ¶ 2). The statutory language is clear in stating that “information” includes patterns, compilations, programs, devices, methods, techniques, products, systems, processes, and designs, all of which are found in the Price Book and Transmittal Letter.

6. The information contained in the Price Book and the Transmittal Letter derive “independent economic value” from not being generally known. In fact, Westinghouse and Stone & Webster consider the information to have a large economic value. (Affidavit of Randolph D. Galm ¶ 4, Affidavit of Edward J. Hubner ¶ 4). The Price Book includes patterns, compilations, programs, devices, methods, techniques, products, systems, processes, and designs for the construction of a nuclear facility. (Affidavit of Randolph D. Galm ¶ 2, Affidavit of Edward J. Hubner ¶ 2). This information in the Price Book and the Transmittal Letter is not known to the general public, or even generally in the nuclear power plant construction industry. (Affidavit of Randolph D. Galm ¶¶ 4-5, Affidavit of Edward J. Hubner ¶¶ 4-5).

7. Additionally, this confidential information is not just for the construction of any nuclear facility, but of a nuclear facility employing a passive design. (Affidavit of Randolph D. Galm ¶ 5, Affidavit of Edward J. Hubner ¶ 5). The Price Book contains information that is the most significant and confidential proposal for a nuclear facility of this design for many decades. (Affidavit of Randolph D. Galm ¶ 5, Affidavit of Edward J. Hubner ¶ 5). The confidentiality of the information allows Westinghouse and Stone & Webster to distinguish themselves from

competitors and provides Westinghouse and Stone & Webster the ability to offer goods and services to meet Duke Energy's needs for the Lee Nuclear Facility. (Affidavit of Randolph D. Galm ¶ 5, Affidavit of Edward J. Hubner ¶ 5).

8. The information contained in the Price Book is certainly "not generally known and not readily ascertainable" from proper means by anyone. In fact, the creation and development of the Price Book required a substantial number of employees working on the information for over a year. (Affidavit of Randolph D. Galm ¶ 4, Affidavit of Edward J. Hubner ¶ 4). Certainly such an effort by Westinghouse and Stone & Webster would not have been required if the information in the Price Book and Transmittal Letter were readily available. Further, it is Westinghouse and Stone & Webster's specialized knowledge of the nuclear industry that allowed them to create the information contained within the Price Book and Transmittal Letter. (Affidavit of Randolph D. Galm ¶ 4, Affidavit of Edward J. Hubner ¶ 4). Clearly, this information is of great economic value to Westinghouse and Stone & Webster.

9. Further, a competitor of Westinghouse and Stone & Webster would derive substantial benefit from the information contained within the Price Book and Transmittal Letter, both when competing with Westinghouse and Stone & Webster in the Lee Nuclear Facility as well as in other areas. (Affidavit of Randolph D. Galm ¶ 6, Affidavit of Edward J. Hubner ¶ 6). For example, in post-construction goods and services, the information in the Price Book and Transmittal Letter would be of great value to competitors trying to bid against Westinghouse and Stone & Webster because the confidential information would be used to allow competitors to adjust prices and other bid items according to the Price Book and Transmittal Letter owned by Westinghouse and Stone & Webster. This ability would eliminate the free competition between bidders, undermine the free economy system inherent in the bidding system, and, ultimately, may

result in competitors adjusting prices according to the information in the Price Book and Transmittal Letter. Such an effect would lessen competition and have a detrimental effect on the entire bidding process itself.

10. Both Westinghouse and Stone & Webster have made more than reasonable efforts to maintain the secrecy of the information contained within the Price Book and Transmittal Letter. Both companies have put in place strict controls of access to their physical locations. (Affidavit of Randolph D. Galm ¶ 7, Affidavit of Edward J. Hubner ¶ 7). Both have security services that guard the physical location to prevent unauthorized access. (Affidavit of Randolph D. Galm ¶ 7, Affidavit of Edward J. Hubner ¶ 7). Both have picture ID employee badges that are necessary for access to the physical locations. (Affidavit of Randolph D. Galm ¶ 7, Affidavit of Edward J. Hubner ¶ 7). Visitors to both locations have to be escorted when in the locations. (Affidavit of Randolph D. Galm ¶ 7, Affidavit of Edward J. Hubner ¶ 7). Westinghouse also maintains a visitor log. (Affidavit of Randolph D. Galm ¶ 7). The Price Book information itself is kept on a secure computer system. (Affidavit of Randolph D. Galm ¶ 8, Affidavit of Edward J. Hubner ¶ 8). Access to the computer system is restricted by user name and password. (Affidavit of Randolph D. Galm ¶ 8, Affidavit of Edward J. Hubner ¶ 8). Additionally, only those users with proper access can retrieve and view the Price Book and Transmittal Letter. (Affidavit of Randolph D. Galm ¶ 8, Affidavit of Edward J. Hubner ¶ 8). Moreover, only hard copies, not electronic copies, of the Price Book are distributed to customers. (Affidavit of Randolph D. Galm ¶ 8, Affidavit of Edward J. Hubner ¶ 8). Each hard copy distributed to any one customer is uniquely numbered so that no two copies for a given customer are assigned the same numbers. A Controlled Copy List is maintained by Westinghouse so that a record of each hard copy is maintained and the recipient is identified. (Affidavit of Randolph D. Galm ¶ 8). Even these hard

copies are only distributed to individuals that are on a "need to know" basis. (Affidavit of Randolph D. Galm ¶ 8, Affidavit of Edward J. Hubner ¶ 8). Customers are not authorized to make additional copies. (Affidavit of Randolph D. Galm ¶ 8, Affidavit of Edward J. Hubner ¶ 8).

11. Moreover, each customer who received a controlled hard copy must execute a written confidentiality agreement. (Affidavit of Randolph D. Galm ¶ 9, Affidavit of Edward J. Hubner ¶ 9). In any event, no access is provided to anyone unless that individual is under a legal duty to keep the information in the Price Book and Transmittal Letter confidential.

Based upon the foregoing, the Motion of Westinghouse Electric Company, LLC, and Stone & Webster, Inc. for a Protective Order is hereby granted. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Chairman

ATTEST:

Executive Director

(SEAL)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

Docket No. 2007-440-E

Application of Duke Energy Carolinas, LLC for Approval)
of Decision to Incur Nuclear Generation Pre-Construction)
Costs for the Lee Nuclear Station in Cherokee County)
_____)

**CERTIFICATE OF
SERVICE**

I, Rebecca W. Martin, do hereby certify that I have this date served one (1) copy of the foregoing Motion for Protective Order and proposed Protective Order in the above-referenced matter upon the following parties of record by causing said copies to be deposited with the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below.

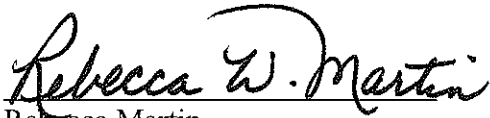
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April 7, 2008

Columbia, South Carolina